

Message Text

UNCLASSIFIED

PAGE 01 LONDON 05328 081658 Z

41

ACTION EUR-25

INFO OCT-01 ADP-00 L-03 NSC-10 PM-09 CIAE-00 DODE-00

INR-10 NSAE-00 PA-03 RSC-01 USIA-12 PRS-01 GAC-01

FRB-02 TRSE-00 COME-00 EB-11 LAB-06 SIL-01 HEW-08

MBFR-03 SAJ-01 RSR-01 /109 W
----- 006033

R 081606 Z MAY 73

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 1002 D

UNCLAS LONDON 05328

E. O. 11652: N/ A

TAGS: ELAB, UK

SUBJ: GOVERNMENT SETS NEW COUNTER INFLATION TALKS

REF: LONDON 5088

1. SUMMARY: WHEELS HAVE BEEN SET IN MOTION AS EXPECTED FOR ANOTHER ROUND OF TALKS BETWEEN THE GOVERNMENT AND BOTH SIDES OF INDUSTRY ON BRITAIN' S ECONOMIC PROBLEM S. AN INVITATION MAY 7 FROM THE PRIME MINISTER TO TUC GENSEC VICTOR FEATHER AND CBI DIRECTOR GENERAL CAMPBELL ADAMSON WILL NO DOUBT BE ACCEPTED WITHIN THE NEXT FEW DAYS. END SUMMARY

2. INITIALLY THE PRIME MINISTER AND HIS AIDES WILL MEET SEPARATELY WITH TRADE UNIONS AND INDUSTRY REPRESENTATIVES, WITH JOINT SESSIONS LATER IN THE YEAR PROVIDING THERE ARE GOOD PROSPECTS FOR REACHING AGREEMENT ON THE OBJECTIVES OF A PHASE THREE VOLUNTARY PRICES AND INCOMES POLICY.

3. AT THESE MEETINGS IT IS EXPECTED THAT MR. HEATH WILL BE FLANKED BY THE CHANCELLOR OF THE EXCHEQUER ANTHONY BARBER, AND EMPLOYMENT SECRETARY MAURICE MACMILLAN AND THE MINISTRY OF TRADE FOR CONSUMER AFFAIRS SIR GEOFFREY HOWE. THE TUC DELEGATION WILL COMPROMISE VIRTUALLY THE SAME MEMBERS AS IN UNCLASSIFIED

UNCLASSIFIED

PAGE 02 LONDON 05328 081658 Z

LAST YEAR'S DOWNING STREET TALKS. IN ADDITION TO FEATHER, THERE WILL BE JACK JONES, GENSEC OF THE TRANSPORT WORKERS; HUGH SCANLON, PRESIDENT OF THE ENGINEERING WORKERS; ALF ALLEN OF THE SHOP WORKERS AND SIR SIDNEY GREENE OF THE RAILWAYMEN.

4. THE MEETINGS ARE EXPECTED TO GET UNDERWAY LATER THIS MONTH. ALREADY THERE HAVE BEEN REPORTS OF " SECRET" TALKS BETWEEN THE PRIME MINISTER AND TUC LEADERS ABOUT ITEMS TO BE DISCUSSED AT THESE MEETINGS. THE TUC'S MAIN GOALS WILL BE MUCH THE SAME AS LAST TIME WITH INCREASED EMPHASIS ON DEMANDS FOR ACTION ON FOOD PRICES, HOUSING COSTS AND OTHER KEY ELEMENTS IN THE COST OF LIVING. WHILE THE INDUSTRIAL RELATIONS ACT HAS NOT SURFACED AS A FORMAL AGENDA SUBJECT IT REPRESENTS A MAJOR STUMBLING BLOCK TO WHOLE- HEARTED TRADE UNION COOPERATION IN ANY GOVERNMENT PROGRAM. WE EXPECT THAT SOME TIME DURING THE TALKS THE ACT WILL BE DISCUSSED, ESPECIALLY WITH THE GOVERNMENT STRESSING THAT THE AGENDA IS " FULLY OPEN".

5. THE GOVERNMENT, FOR ITS PART, WANTS TO BUILD ON THE RELATIVELY PEACEFUL ACCEPTANCE OF PHASE TWO BY THE UNIONS IN LAYING THE GROUNDWORK FOR PHASE THREE OF THE COUNTER- INFLATION POLICY WHICH IS TO COME INTO EFFECT NEXT AUTUMN. THE PRIME MINISTER AND SOME MINISTERS ARE REPORTEDLY READY TO PUSH AHEAD FOR THRESHOLD- STYLE " ESCALATOR CLAUSE" WAGE CLAUSES LINKED TO PRICE INCREASES. ACTUAL WAGE INCREASE LIMITS ARE UNLIKELY TO BE CONSIDERED UNTIL SEPTEMBER OR OCTOBER IN ORDER TO GIVE THE GOVERNMENT A LONGER PERIOD TO ASSESS THE EFFECTIVENESS OF ITS COUNTER- INFLATION PROGRAM THUS FAR.

ANNENBERG

UNCLASSIFIED
NMAFVVZCZ

*** Current Handling Restrictions *** n/a

*** Current Classification *** UNCLASSIFIED

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 08 MAY 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973LONDON05328
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: n/a
Errors: n/a
Film Number: n/a
From: LONDON
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730540/aaaailwd.tel
Line Count: 92
Locator: TEXT ON-LINE
Office: ACTION EUR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 73 LONDON 5088
Review Action: RELEASED, APPROVED
Review Authority: kellerpr
Review Comment: n/a
Review Content Flags:
Review Date: 03 AUG 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <03-Aug-2001 by reddocgw>; APPROVED <17-Aug-2001 by kellerpr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: <DBA CORRECTED> mcm 980108
Subject: GOVERNMENT SETS NEW COUNTER INFLATION TALKS
TAGS: ELAB, UK
To: EUR
SECSTATE WASHDC
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005